

Testimony of IPR-GDF SUEZ Energy North America in Opposition to H.B. 5699 An Act Providing Relief to Electricity Customers

IPR-GDF SUEZ North America is the owner of FirstLight Power Resources, Inc. (FirstLight), which owns or operates approximately 1,500 MWs of generating capacity in New England. Its New England generation fleet consists mostly of hydro-electric facilities and it is the largest owner of hydro-electric generation in Connecticut.

We appreciate the opportunity to testify in opposition to H.B. 5699 which would tax any electricity generators' earnings beyond twenty percent on equity at a rate of fifty percent. This "excess profits" tax would unfairly penalize competitive energy producers and chill investment in all industries in Connecticut that would fear similar treatment from legislators that deemed their profits as disproportionate.

Our unique renewable portfolio underscores why such a proposal is misguided. As the largest owner of hydro-electric generation in Connecticut, we are obviously dependent on rainfall. 2008 was a fairly successful year for the company largely because it was the all-time wettest year in Connecticut according to date from Bradley Airport. In contrast, 2010 was a very dry year and limited the number of hours we could generate. Legislation such as H.B. 5699 has the potential to grab profits deemed "excessive" by an arbitrary state law in wet years, but provide no assistance during the dry years.

In addition, the language as drafted is extremely vague, stating the tax "shall be imposed on utility generators." Such language makes it unclear whether the tax is only on generators who own plants in Connecticut, on generators with offices in Connecticut but with plants out of state, on generators' affiliates, or some combination of the above.

Targeting not only businesses that own generation in the state, but their affiliates, as well, would send a strong signal that Connecticut does not welcome private investment in energy investment and sets back much of the progress which occurred through passage of the 2005 Energy Independence Act and the 2007 Act Concerning Electricity and Energy Efficiency.

IPR-GDF SUEZ North America strongly urges the Committee to reject H.B. 5699 as not only would it go a long way towards ending any future private investment in energy generation infrastructure in Connecticut, but it would send a chilling signal to other private industries that Connecticut is not a business-friendly state.

Thank you.

Submitted by:

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March 1, 2011